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2 December 1955

CURRENT YUGOSLAV SITUATION

On 2 December President Tito left Yugoslavia by ship on his second major round of fence building among the neutral and underdeveloped countries of Asia and Africa. Accompanied by a delegation including Foreign Minister Popovic and Security Minister Stefanovic, he is proceeding first to Eritrea and Ethiopia and is scheduled to arrive in Egypt about 20 December. This six-week trip has been almost as widely heralded in the Yugoslav press as an important contribution to international peace and understanding as his visit to India and Burma a year ago. The effort to achieve leadership among such "unattached" countries continues to be a cornerstone of Yugoslav foreign policy, although there is less propaganda play on this theme than a year ago when the Yugoslavs first became enamored of the idea.

The Yugoslavs have made few public statements about the Arab-Israeli dispute but their official stand as stated to Secretary Dulles by Tito on 6 November is that both sides should strive for a settlement and that the West should extend economic help to the Arabs in solving the refugee problem. Tito said he was going to indicate to Nasser that the Arab states had to recognize Israel as a "fact of life." There has been only one

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Yugoslav press reference to speculation in the western press that Tito might mediate the dispute. This was a fairly noncommittal article which neither praised nor turned down the suggestion, saying only that Yugoslavia was always ready to try to help solve such disputes as this and the Greek-Turkish difficulties over Cyprus. Although the Yugoslavs have continued arms shipments to Egypt, the semi-official newspaper Politika has on two occasions criticized Soviet bloc activities as "dangerous signs of a transformation of this area into a locale of the cold war." They seem to fear manipulation by the two major power blocs more than the actual prospect of armed conflict in the Near East.

The Yugoslavs continue scrupulously to maintain their balance between East and West. The official line on the Geneva conference expressed tepid optimism about the continuation of the spirit of international detente and refrained from blaming either side for the outcome of the meeting. The economic agreements with bloc countries have been balanced by the September promises of improved co-operation relative to the US military aid program in return for more US economic help. In addition, the Yugoslavs have maintained interest in bilateral trade agreements with western countries, and have shown a desire for closer attachment to both OEEC and EPU. Except for the period of irritation at western press interpretation of Tito's 6 November agreement with Secretary Dulles on the importance of non-interference in Satellite affairs, the US and the West in general have fared pretty well in the Yugoslav press in recent months.

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During November the Yugoslav press engaged in a brief period of criticism of the USSR harsher than anything said in the past six months. It attacked Soviet reviews of the Yugoslav economy for giving too little credit to Belgrade's unique socialist experiments, and called them a violation of the Soviet-Yugoslav declaration of 2 June. The American embassy in Belgrade regards this short flurry of criticism as evidence of general touchiness in the Yugoslav regime over what it regards as Soviet efforts to soft pedal the sanction of independent roads to socialism which was explicit in that June declaration.

Internally there are a few hints of cracks in the facade of unity which the regime likes to present to the world, but nothing to suggest difficulties as serious as those faced when the dissidents Djilas and Dedijer were ousted from the party a year ago. Economic difficulties, although extreme, are little worse than at any other time in recent years, and there has been no confirmation of rumors of the imminent downfall of top economic planner Vice President Vukmanovic-Tempo. Tito's late November speech, although sharply critical of past mistakes and even of some details in the 1956 social plan, was not much harsher than his customarily frank economic appraisals. The sanction of increased central control over the economy and of efforts to improve the standard of living by lowering investment in basic industry in favor of consumer goods production and agriculture are not new, but merely extensions of year-old trends in Yugoslav internal development.

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